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Report Highlights:
World Bank, ADB see India growth at 4 to 5 percent, *Stock limit on wheat to go from May 1*, *Global trading firms may not buy wheat from Punjab*, *Exporters told to list protectionist steps by other countries*, *Organized retail likely to slow down*, *Crisis forces mango exporters to take sea route to U.S.*, *US removes levy on Indian shrimp*.

General Information:

Welcome to Hot Bites from India, a weekly summary of issues of interest to the U. S. agricultural community. The report includes information that has been garnered during travel within India, reported in the local media, or offered by host country officials and agricultural analysts. Press articles are included and summarized in this report. Significant issues will be expanded upon in subsequent reports from this office. Minor grammatical changes have been made for clarification.

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WORLD BANK, ADB SEE INDIA GROWTH AT 4 TO 5 PERCENT

The Indian economy will expand at the slowest pace in seven years, with the World bank, Asian Development Bank (ADB), and a grouping of developed nations (OECD) expecting the country's growth rate to be 4 to 5 percent in 2009-10 (Apr-Mar). In its global economic forecast update for 2009, the World Bank projected a growth rate of 4 percent for India during 2009-10, while the ADB, in its outlook, expects the economy to expand by 5 percent. A separate outlook by the Organization for Economic Cooperation and Development (OECD) has forecast a 4.3 percent growth rate for India. India had last grown below this level in 2002-03, when the economy expanded by 3.8 percent. Before the financial crisis hit the global economy, India had been recording a growth rate of 9 percent or more. The government's Central Statistical Organization has projected 7.1 percent growth for FY 2008/09. (Source: Business Standard, 04/01/09)

STOCK LIMIT ON WHEAT TO GO FROM MAY 1

Realizing the problem of plenty in wheat stocks, the government has lifted the limit on the quantity of wheat that millers/traders can stock. The decision comes into effect from May 1. The Cabinet on March 30 decided to extend stock control for a period of five months, up to September 30, 2009, in the case of paddy, rice, pulses, edible oils and oilseeds. (Source: Business Standard, 03/31/09)

GLOBAL TRADING FIRMS MAY NOT BUY WHEAT FROM PUNJAB

Global agri trading entities Cargill, Glencore and the Australian Wheat Board (AWB) are unlikely to buy wheat from the major grain-producing states of Punjab and Haryana this wheat marketing year (Apr-Mar) owing to high state taxes in these states and lower wheat prices in other states. Flour mills in these states would also refrain from buying wheat heavily as they feel that plenty of wheat would be available at the same rate throughout the year. "During this season, almost the entire wheat crop will be bought by the state agencies and the Food Corporation of India from Punjab and Haryana as it will not be viable for private companies to go for buying from these states as wheat is available at much cheaper rate in other states," said a leading trader in Punjab who buys wheat on behalf of Cargill, AWB, and Glencore. He blamed the high tax structure involved in procuring wheat from Punjab and Haryana as the main reason behind private companies' reluctance in buying wheat from these states. Punjab and Haryana charge 13.5% and 11.5% as taxes, respectively on wheat purchases, which is the highest among all wheat growing states. (Source: Financial Express, 04/01/09)

EXPORTERS TOLD TO LIST PROTECTIONIST STEPS BY OTHER COUNTRIES

The government has asked exporters to promptly compile and submit all protectionist measures taken by other countries to curb shipments from India, so that it can take it up with the concerned government as soon as possible. "Whenever you (India Inc.) see any form of protectionism – and it comes in a number of varieties like technical barriers to trade (TBT), new sanitary and phytosanitary measures (SPS), sudden arbitrary hike in duties and so on – please bring it to the notice of Commerce Ministry and we will take it up with the concerned governments at the earliest," said Commerce Secretary G.K. Pillai at a function organized by the Confederation of Indian Industries (CII). He said India is primarily against any form of protectionism, except where there is too much of a surge in imports that harms domestic industry. (Source: Financial Express, 03/28/09)

ORGANIZED RETAIL LIKELY TO SLOW DOWN

The economic slowdown will hamper the growth of the Indian retail sector for another 12-18 months, with lower sales and increasing liquidity pressure for many domestic retailers. A consultancy firm predicts that retailers will shift from lifestyle retailing to value retail in the coming months. This is expected to fuel action in food retailing and other FMCG products as the segment is insulated from the slowdown. The organized retail sector was expected to touch a penetration level of 16 percent by 2012, which has now been revised to 10.5 percent. Currently, the sector has a penetration level of about five percent. This decline can be largely attributed to the shaken sentiments of the retailers. Many players are likely to close down unprofitable stores and rationalize expenditure in the next few months. Industry players are also expected to opt for low-rent premises. Additionally, investments in the retail sector have been delayed with several real estate developments stalled. According to a KPMG report, a large number of retailers have not been able to meet their stated expansion plans. (Source: The Economic Times, 04/01/09)

CRISIS FORCES MANGO EXPORTERS TO TAKE SEA ROUTE TO U.S.

The slowdown in the global market seems to have hit Indian mangoes as well. With the shrinking demand in the export markets (particularly the U.S.) and the possibility of mango prices going through the roof this season owing to an expected dip in production has alarmed exporters from India. An exporter said, that Alphonso mangoes, which were priced at INR 100-150 last year, are expected to reach INR 300-400 per dozen. Subsequently, Alphonso mangoes may not have many takers in the international market. Exporters are now looking at cutting costs at other ends like preferring sea route over air travel. According to the Deputy General Manager of the Maharashtra State Agricultural Marketing Board (MSAMB), air freight for exporting one dozen mango is around INR 350-400 while by sea, the cost comes down to INR 150-200 per dozen. The U.S. is a high value market for Indian mangoes. Last season, one dozen mangoes exported from India fetched $20-25 as compared to $5-6 for mangoes from Peru, South Africa, Brazil and Venezuela.
(Source: The Financial Express, 04/03/09)

US REMOVES LEVY ON INDIAN SHRIMP

The US Customs and Border Protection (CBP) has withdrawn the customs bond requirement imposed in 2004, giving a major relief to the Indian shrimp exporters. According to a CBP notice, the enhanced bond requirement (EBR) on shrimp items from India and Thailand stands fully withdrawn with effect from April 1. The notification said that the existing bonds for seafood exporters would be terminated. The recent notification is in line with a WTO ruling issued in favor of India and Thailand in 2008. Additionally, during the first week of March, the US Department of Commerce (DoC) had reduced the anti-dumping duty on Indian shrimp to 0.79 percent from 1.69 percent. (Source: The Business Standard, 04/02/09)

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IN9046	Trade Policy Monitoring: India Abolishes Import Duty on Crude Soybean Oil	04/03/09

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